

Message Text

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FM USMISSION USUN NEW YORK
TO SECSTATE WASHDC IMMEDIATE 1356
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AMEMBASSY PARIS PRIORITY

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AMEMBASSY BRUSSELS FOR USEEC

AMEMBASSY PARIS FOR USOECD

E.O. 11652: N/A

TAGS: EFIN, ECON, UN

SUBJECT: OVERVIEW COMMITTEE: AFTERNOON PLENARY SESSION,
MAY 11, 1978

REF: USUN NEW YORK 1876

SUMMARY: SESSION WAS DEVOTED PRIMARILY TO PRESENTATIONS BY
NEWLY ARRIVED DELEGATES FROM DEVELOPED COUNTRY CAPITALS AND
CONTINUING GENERAL STATEMENTS FROM SOME OTHER PARTICIPANTS.
END SUMMARY.

1. NORWAY (STOLTENBERG) SAID THE COMMITTEE SERVED AS A
RECOGNITION THAT GLOBAL PROBLEMS MUST BE DEALT WITH IN A
GLOBAL CONTEXT. HERE THE CONCEPT OF INTERDEPENDENCE COULD
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BE BROUGHT INTO FOCUS. HE WELCOMED THE DEGREE TO WHICH DCS
HAD ACCEPTED NEED FOR STRUCTURAL CHANGES. EMPHASIZED THAT
BASIC NEEDS CONCEPT DOES NOT REPLACE NIEO, BUT IS A NEW
DIMENSION OF NIEO. MEETING OF MINDS ON THIS COULD BE MOST
HELPFUL TO PREPARATION OF NEW IDS AND FOR GAINING POPULAR
SUPPORT IN DCS. HE SAID THAT THE FACT THAT THERE WAS
UNDERUTILIZED CAPACITY IN DCS AND GREAT UNFILLED NEEDS IN

LDCS WAS A BASIC PARADOX. MASSIVE TRANSFERS (MT) IDEA COULD HELP OVERCOME PARADOX. CALLED ON UN DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS TO TAKE LEAD IN STUDY OF IDEA WITH SPECIFIC DATE FOR REVIEW. THIS RESULT ALONE COULD JUSTIFY PRESENT MEETING AND COULD MARK A NEW PHASE IN GLOBAL COOPERATION.

2. FINLAND (GUSFAFFSSON) STATED MAIN TASKS OF THE COMMITTEE WERE TO BRING POLITICAL DIMENSION TO INTERNATIONAL DISCUSSION OF ECONOMIC MATTERS AND TO GIVE IMPETUS TO NEGOTIATIONS IN OTHER FORA. POINTED TO AREAS OF CONVERGENCE IN VIEWS ON NEED FOR SUSTAINED GROWTH, STRUCTURAL CHANGES IN DCS AND LDCS FOR EFFICIENT RESOURCE USE AND EQUITY, ON NEED TO RELATE SHORT- AND LONG-TERM MEASURES TO INCREASE THE VOLUME AND QUALITY OF RESOURCE TRANSFERS, ON THE IMPORTANT ROLE OF THE MDBS. STRESSED THAT NATIONAL POLICY DECISIONS ARE INFLUENCED BY PROGRESS AT INTERNATIONAL LEVEL. CITING TDB RESULTS ANNOUNCED DECISION OF FINNISH GOVERNMENT ON MAY 10, SUBJECT TO PARLIAMENTARY APPROVALS TO WRITE OFF ALL LOANS TO LEAST DEVELOPED COUNTRIES AND OTHERS IN COMPARABLE POSITION. (FINNISH CURRENT ASSISTANCE IS 100 PERCENT GRANTS.)

3. PERU (ALZAMORA). AFTER SERIES OF POSITIVE STATEMENTS PERUVIAN INTERVENTION REMINDED COMMITTEE OF ESSENTIAL DIFFERENCE IN PERCEPTIONS BY SOME LDCS. TASK OF COMMITTEE UNCLASSIFIED

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WAS TO MOVE FORWARD NIEO. DC STATEMENTS STRESSED BASIC NEEDS BUT DID NOT TALK MUCH ABOUT NIEO. CHOOSING TO INTERPRET BHN AS CHARITY, PERUVIAN REJECTED APPROACH AND CALLED FOR PROGRESS IN RAW MATERIALS PRICES, DEBT, INFLATION CONTROL (INDEXING), COMMON FUND. OBSTRUCTIONIST START BY DCS IS RESPONSIBLE FOR FAILURE TO DEAL WITH GLOBAL PROBLEMS. CALLED FOR HIGH-LEVEL NEGOTIATING BODY TO DEAL CONCURRENTLY WITH ALL ASPECTS OF NIEO IN INTEGRATED FASHION.

4. SWEDEN (BLIX) SAID ROLE OF COMMITTEE WAS NOT JUST REVIEW AND ASSESSMENT, BUT TO DEEPEN NORTH/SOUTH DIALOGUE, PROVIDE NEW IMPETUS, AND OUTLINE ACTION FOR KEY AREAS OF WORLD ECONOMIC ORDER. COMMITTEE WAS THE ONLY POLITICAL FORUM INVOLVING ALL COUNTRIES EXCLUSIVELY DEVOTED TO THIS END. RESOURCE TRANSFERS WERE CENTRAL TO NEW WORLD ECONOMIC ORDER. CIEC COMMITMENT SHOULD BE CONSOLIDATED AND SOME NEW STEPS TAKEN. ALL COUNTRIES HAVE A ROLE. REITERATED SWEDISH PROPOSALS FOR LONG-TERM COMMITMENTS OF FUNDS TO UN DEVELOPMENT ACTIVITIES AND STUDY OF MASSIVE TRANSFERS. NOTING G-77 RESISTANCE TO "STUDIES," HE SUGGESTED THAT THERE MUST BE AN INTELLECTUAL ASSAULT BEFORE THERE COULD BE POLITICAL ACTION ON MASSIVE TRANSFERS, BECAUSE THIS WAS SUCH

A NEW IDEA. MASSIVE TRANSFERS SHOULD NOT BE THOUGHT OF AS SHORT-TERM DEVICE, BUT AS MEANS OF STIMULATING GROWTH THAT COULD FACILITATE NECESSARY CHANGES IN ECONOMIC STRUCTURES.

5. AUSTRIA (NUSSBAUMER) SAID MAJOR PROBLEM WAS HOW TO GET IN MOTION AN INCREASED VOLUME OF TRADE AND ECONOMIC CO-OPERATION. PRIORITY SHOULD BE GIVEN SWEDISH PROPOSAL FOR MASSIVE TRANSFERS. HE PROPOSED EMPIRICAL TESTS OF NEW MEANS, E.G., THROUGH SPECIAL SUPPORT FOR AFRICAN TRANSPORT AND COMMUNICATIONS DECADE. MASSIVE TRANSFERS COULD HELP LDC GROWTH AND ASSIST DCS BY INCREASING DEMAND FOR THEIR PRODUCTS, STIMULATING NON-INFLATIONARY GROWTH. HE THOUGHT OF PROPOSAL AS SIMILAR TO MARSHAL PLAN, BUT WITH EMPHASIS ON NEW INFRASTRUCTURE. SUGGESTED PILOT PROJECT BY SOME UNCLASSIFIED

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INTERESTED GROUP OF COUNTRIES.

6. US (UNDER SECRETARY COOPER) MADE INFORMAL REMARKS ON

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BRUSSELS FOR USEEC, PARIS FOR USOECD

FOUR ISSUES: THE ROLE OF THE COMMITTEE OF THE WHOLE, GLOBAL INTERDEPENDENCE, US VIEWS ON AGENDA ITEM 2 (RESOURCE TRANSFERS), AND RECENT ACCOMPLISHMENTS AND FUTURE TASKS. HE SAID THAT THE COMMITTEE COULD PERFORM AN IMPORTANT TASK NOT PERFORMED BY ANY OTHER INSTITUTION--ADOPTING AN OVERALL PERSPECTIVE ON GLOBAL ECONOMIC ISSUES. COOPER REITERATED THAT THE COMMITTEE SHOULD NOT PREEMPT NEGOTIATIONS OR SPEND A LOT OF TIME IN DETAILED NEGOTIATIONS ON LANGUAGE. RATHER, HE STRESSED, THE ARGUMENTS AND PERSPECTIVES SHARED AT THE MEETING HAVE AN IMPORTANT IMPACT ON VIEWS IN CAPITALS WHERE DECISIONS MUST BE MADE. IN THIS REGARD, HE NOTED THE INFLUENCE THE COMMITTEE'S DELIBERATIONS COULD HAVE ON PREPARATIONS FOR THE SUMMIT.

COOPER UNDERSCORED THE HIGH DEGREE OF LINKAGE AMONG VARIOUS ECONOMIC ISSUES AND CITED SEVERAL EXAMPLES. INTERDEPENDENCE IS GROWING, HE SAID, AND, IF MANAGED PROPERLY, UNCLASSIFIED

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COULD PROVIDE BENEFITS FOR ALL. HE OBSERVED THAT A RETURN TO FIXED EXCHANGE RATES WOULD NOT BE BENEFICIAL. HE RECALLED SOME OF THE CONSEQUENCES OF FIXED RATES WERE: TYING OF FOREIGN AID, BALANCE-OF-PAYMENTS CONSTRAINTS ON LEVELS OF AID, RESTRAINTS ON CAPITAL OUTFLOWS, BALANCE-OF-PAYMENTS ARGUMENTS FOR IMPORT RESTRICTIONS. HE NOTED THAT DEVELOPING COUNTRIES TODAY SOMETIMES TAKE THE LAST TWO OF THESE ACTIONS IN EFFORTS TO MAINTAIN FIXED EXCHANGE RATES. ALTHOUGH ACKNOWLEDGING FLOATING RATES DID NOT SOLVE ALL PROBLEMS, COOPER SAID THERE WAS NO SUPERIOR ALTERNATIVE.

ON RESOURCE TRANSFERS COOPER SAID THAT MEETING BASIC NEEDS WAS NOT A DIVERSION FROM DEVELOPMENT, BUT RATHER WAS INTRINSIC TO IT. HE NOTED THAT FOR THE AMERICAN PEOPLE TO SUPPORT ECONOMIC ASSISTANCE PROGRAMS THEY MUST PERCEIVE THAT ASSISTANCE SERVES TO PERMIT THE GREATEST NUMBER OF PEOPLE TO PARTICIPATE IN THE DEVELOPMENT PROCESS AND ITS BENEFITS. HE NOTED THAT HOW THIS IS TO BE DONE IS FOR DEVELOPING COUNTRIES TO DECIDE.

COOPER POINTED OUT THAT THERE IS A WIDE SPECTRUM OF ECONOMIC PERFORMANCE AMONG DEVELOPING COUNTRIES AND THAT THE MORE SUCCESSFUL ONES SHOULD TAKE ON GREATER RESPONSIBILITIES FOR THE MAINTENANCE AND MANAGEMENT OF THE WORLD ECONOMY. SPECIFICALLY HE MENTIONED EXPORT SUBSIDIES, PROTECTIONISM, ACCESS TO CONCESSIONAL CAPITAL FLOWS, AND PROVISION OF FOREIGN ASSISTANCE.

HE SAID THAT THE COMMITTEE SHOULD TAKE ACCOUNT THAT SIGNIFICANT IMPROVEMENTS IN THE MANAGEMENT OF THE GLOBAL

ECONOMY HAD OCCURRED RECENTLY EVEN THOUGH THE ECONOMY WAS UNDER GREAT STRAIN. SPECIFICALLY, HE NOTED IMF ACTIVITIES, INCREASED AID BY DONORS, MAINTENANCE OF OPEN MARKETS. ALSO, UNCLASSIFIED

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HE SAID, MANY DEVELOPING COUNTRIES, CONFRONTED WITH DIFFICULT PROBLEMS, HAD UNDERGONE STABILIZATION PROGRAMS AND HAVE RESUMED GROWTH ON A SOUNDER BASIS. OPEC COUNTRIES HAVE EXERCISED COMMENDABLE RESTRAINT IN HOLDING DOWN THEIR PRICES. COOPER STRESSED IMPORTANCE OF FUTURE NEGOTIATIONS--TRADE IN THE MTN, MONETARY QUESTIONS IN THE IMF, COMMODITIES IN UNCTAD.

7. DENMARK (OSTERGAARD) RECALLED MAJOR STATEMENT MADE MAY 10 ON BEHALF OF EC, STATING THAT PRESENT REMARKS WERE FOR DENMARK. DANISH ODA TO GNP RATIO WAS 0.37 PERCENT IN 1970; 0.7 PERCENT TARGET ACCEPTED EARLY AND WILL BE MET IN 1979, WITHIN 7TH SPECIAL SESSION TIME FRAME. DANISH AID BASED ON FIVE YEAR ROLLING PLANS, WITH ODA INCREASE AT 8 PERCENT IN REAL TERMS DESPITE SEVERE DOMESTIC ECONOMIC PROBLEMS. SHE APPEALED TO ALL COUNTRIES, REGARDLESS OF SYSTEM, ESPECIALLY THOSE WITH LARGE BOP SURPLUSES, TO INCREASE RESOURCE TRANSFERS. STRESSED VOLUME WAS MATTER OF POLITICAL WILL IN DCS, BUT SAID EFFECTIVE UTILIZATION OF AID WAS RESPONSIBILITY OF LDCS AND WOULD HAVE IMPACT ON PUBLIC OPINION IN DCS. NOTED DANISH AID ABOUT HALF MULTILATERAL, WITH EMPHASIS ON UN, WHICH DANISH POLICY FAVORED BECAUSE LDCS PREFERRED IT AND UN AGENCIES WERE EFFICIENT. CITED UNDP RECORD AS OUTSTANDING. SAID IT COULD HANDLE FAR LARGER PROGRAMS, BUT THAT TOO FEW COUNTRIES CONTRIBUTED BULK OF RESOURCES. SUPPORTED MULTI-YEAR PLEDGES. ON DISTRIBUTION OF ODA SHE EMPHASIZED NEEDS OF POOREST AND DANISH POLICY OF PRESSING THIS IN MULTILATERAL INSTITUTIONS. STATED THAT ELIMINATION OF ABSOLUTE POVERTY WAS MOST URGENT NEED IN WORLD TODAY.

WITH RESPECT TO RETROACTIVE TERMS ADJUSTMENT STEMMING FROM TDB RESOLUTION, DENMARK WAS PREPARED TO NEGOTIATE WITH INDIVIDUAL COUNTRIES TO FIND THE MOST APPROPRIATE SOLUTION IN EACH CASE.

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8. NEW ZEALAND (STEWART), SPEAKING AS SMALL DEVELOPED BUT NOT INDUSTRIALIZED COUNTRY, FOUND WORLD ECONOMIC SITUATION UNSATISFACTORY. NEW ZEALAND HAD SUFFERED FROM ADVERSE

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PARIS FOR USOECD, BRUSSELS FOR USEEC

MOVEMENTS IN TERMS OF TRADE, EXPERIENCED ZERO OR NEGATIVE GROWTH, AND INCREASING BOP DEFICITS. DESPITE NEED FOR OWN BORROWING, HOWEVER, NEW ZEALAND WAS MAINTAINING AID FLOWS OF WHICH OVER 95 PERCENT WAS GRANTS. TRADE WAS BASIS FOR INCREASED AND LONG-LASTING RESOURCE TRANSFERS TO SUPPORT SELF-SUSTAINING GROWTH. PROTECTIONISM WAS PARTICULARLY SEVERE FOR AGRICULTURAL PRODUCTS, WHICH REQUIRED FREER ACCESS TO DC MARKETS. FOR LDCS, INCREASED AGRICULTURAL PRODUCTION WAS VITAL, AND THIS ALSO MEANT INCREASED AGRICULTURAL TRADE. MAJOR TRADING GROUPS HAVE SPECIAL RESPONSIBILITY BECAUSE THEY ESTABLISH RULES OF TRADE. NEW ZEALAND SUFFERS BECAUSE OTHERS' POLICIES ARE TOO OFTEN DESIGNED TO PROTECT DOMESTIC AGRICULTURE REGARDLESS OF COST. MTN SHOULD GIVE IMPORTANCE TO AGRICULTURE EQUAL TO MANUFACTURES.

9. BELGIUM (ERNEMANN) SUPPORTED US ON CONCEPT AND ROLE OF COMMITTEE. PARTICULAR IMPORTANCE SHOULD BE GIVEN TO RE-
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SUMPTION OF ECONOMIC GROWTH AND FAIRER BALANCE IN ECONOMIC RELATIONS. NEW SYSTEM SHOULD EMERGE BECAUSE OF SUCCESS IN PROCESS OF PROMOTING HARMONIOUS WORLD TRADE. THIS WILL FOSTER MONETARY STABILIZATION, STABILITY OF COMMODITY MARKETS, SECURITY OF ACCESS. MTNS ARE VITAL; DANGEROUS RE-EMERGENCE OF PROTECTIONISM MUST BE OPPOSED.

BELGIUM TOTAL RESOURCE FLOWS TO LDCS REACHED 1.83 PERCENT GNP IN 1976 AND ODA WILL REACH .66 PERCENT IN 1978, 0.7 PERCENT IN 1980. 91 PERCENT ODA WAS GRANTS AND GRANT ELEMENT WAS 98 PERCENT IN 1977. ODA MAINLY GOES TO POOR; 25 PERCENT TO LEAST DEVELOPED. PRIORITY IS AGRICULTURE AND IMPROVING LIVING CONDITIONS OF MOST DISADVANTAGED.

10. TURKEY (KURUC) DELIVERING G-77 TYPE STATEMENT, SAID GROWING INTERDEPENDENCE NECESSITATES TOTAL RESTRUCTURING OF WORLD ECONOMY AS OUTLINED IN NIEO. CURRENT CRISIS SHOWS RELATIONSHIP OF GROWTH IN DCS AND LDCS. DCS HAVE REACHED A LIMIT WHERE CANNOT SOLVE PROBLEMS ALONE. CALLED FOR COMMODITY PRICE STABILIZATION COMMON FUND, REMOVAL OF PROTECTIVE BARRIERS, IMPROVEMENT IN LDC TERMS OF TRADE, AND CITED IMPORTANCE OF ADJUSTMENT ASSISTANCE. SUPPORTED IDEA OF BASING IMF CFF DRAWINGS ON EXPORT EARNINGS SHORTFALLS ADJUSTED FOR CHANGES IN IMPORT PRICES AS FIRST STEP IN IMPROVING TERMS OF TRADE. SAID TRADE MEASURE CANNOT YIELD SUBSTANTIAL RESULTS WITHOUT REFORM OF MONETARY SYSTEM TO ASSURE CREATION AND DISTRIBUTION OF LIQUIDITY CONSISTENT WITH LDC DEVELOPMENT. CONDITIONALITY SHOULD BE FLEXIBLE. NEW UNFAVORABLE DEVELOPMENT WAS SUCCESSIVE TIERS OF SURVEILLANCE, SUCH AS CREDITOR CLUBS FOR SOME COUNTRIES THAT HAD ALREADY MET IMF CONDITIONS. THIS WAS INCONSISTENT WITH DEVELOPMENT AND POLITICALLY COUNTERPRODUCTIVE. ESTABLISHMENT OF NIEO WAS LONG-TERM OBJECTIVE, PENDING WHICH RESOURCE UNCLASSIFIED

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TRANSFERS NEEDED. SHOULD BE CONSISTENT WITH DEVELOPMENT PRIORITIES OF LDCS. DEBT RELIEF EFFORTS WERE CORNERSTONE OF RESOURCE TRANSFERS. RECENT TDB RESOLUTION ON DEBT WAS EXTREMELY MODEST WITH LIMITED IMPACT EVEN IF FULLY IMPLEMENTED. SUPPORTED STUDY OF MASSIVE TRANSFER IDEA.

11. UK (JUDD) BEGAN SPIRITED ADDRESS BY NOTING THAT IN 1960S LDC ECONOMIC PROBLEMS OFTEN REGARDED AS PERIPHERAL TO WORLD ECONOMY, BUT IN 1970S, INTERDEPENDENCE IS ALL PERVASIVE FACT, AND NO DISCUSSION BETWEEN WORLD STATESMEN CAN TAKE PLACE WITHOUT PROBLEMS OF LDCS FORMING SIGNIFICANT PART. TURNING TO ROLE OF COMMITTEE, JUDD SAID IT WAS NOT SURPRISING IF AVERAGE CITIZENS HAD NO CLEAR TOTAL PICTURE OF NEW DEVELOPMENTS AND SPECIALIZED WORK CARRIED OUT IN

MANY FORA IN TERMS OF WHAT THIS MEANT IN FIGHT FOR GREATER HUMAN JUSTICE. OVERVIEW COMMITTEE CITED AS PLACE WHERE THIS TOTAL PICTURE COULD BE PUT TOGETHER AND FOCUSED UPON IN LIGHT OF COLLECTIVE POLITICAL COMMITMENT. IT MUST FOCUS ON THE FOREST, NOT THE TREES.

ON TRADE JUDD EMPHASIZED DANGERS OF PROTECTIONISM AND NEED FOR ADJUSTMENT PROCESS TO FIND SAFEGUARDS AGAINST SAFEGUARDS. HE MENTIONED FIRM UK COMMITMENT TO INTEGRATED PROGRAM AND COMMON FUND. CITED RESULTS OF TDB ON DEBT AS EXAMPLE OF PRACTICAL APPROACH TO DEALING WITH MAJOR PROBLEMS.

JUDD SAID UN URGENTLY NEEDS TO ESTABLISH MORE INTENSIVE AND FORMALIZED MODE OF INTERNATIONAL COOPERATION IN THE ENERGY FIELD.

IN DISCUSSING ODA, JUDD STRESSED RESPONSIBILITY OF ALL TO HELP PROVIDE RESOURCES AND TECHNIQUES TO ENABLE TWO-THIRDS OF MANKIND TO TRY TO OVERCOME POVERTY, HUNGER, AND DISEASE. CITED INCREASED ODA BY EC, JAPAN, AND UK'S PLAN FOR 6 PERCENT ANNUAL INCREASE IN REAL TERMS OVER NEXT FOUR UNCLASSIFIED

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YEARS. CALLED FOR SUCH FORWARD PLANNING NOT ONLY FOR MDBS BUT, IF POSSIBLE, ALSO FOR THE UNDP. IN ALLOCATING LIMITED AID, SAID UK, PRIORITIES EMPHASIZED POORER BOTH BETWEEN AND

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WITHIN COUNTRIES. SUGGESTED THERE MIGHT BE QUANTITATIVE TARGETS FOR POORER COUNTRIES. ALSO PROPOSED FURTHER STUDIES OF ODA BY DEVELOPMENT COMMITTEE AND OTHERS TO ASSIST PREPARATION OF IDS, BUT NOTED PRIORITIES FOR STUDIES SHOULD BE WORKED OUT, GIVEN VARIOUS PROPOSALS INCLUDING IDEAS ABOUT "MASSIVE TRANSFERS."

JUDD POINTED OUT THAT ELECTORATE WILL SUPPORT AID ONLY IF IT'S BEING USED TO BRING BENEFITS DIRECTLY TO THOSE MOST IN NEED. THIS WAS BASIS OF BRITISH AID STRATEGY, WHICH AIMED AT IMPROVING BASIC NEEDS THROUGH SELF-SUSTAINING GROWTH DIRECTED FOR BENEFIT OF POOR. RATIONALE FOR POLICY ON WORLD DEVELOPMENT, HE SAID, RESTED ON FOUR PILLARS OR IMPERATIVES--MORAL, ECONOMIC, STRATEGIC, AND NECESSITY FOR MANAGED STRUCTURAL CHANGE THROUGH
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INSTITUTIONAL ADAPTATION.

JUDD WENT ON TO SAY THAT THERE WAS NEED FOR "DEVELOPMENT EDUCATION" IN DEVELOPED COUNTRIES, BUT THAT THIS WOULD NOT LEAD TO UNCITICAL ACCEPTANCE OF ALL PROPOSITIONS AND DEMANDS (I.E., THE NIEO).

12. JAMAICA (MILLS) FOR G-77 SAID PERUVIAN STATEMENT REFLECTED SOME OF THEIR REAL CONCERNS, NOTABLY ON BASIC NEEDS. OVER PAST DECADE WE HAD COME TO REALIZE HOW LIMITED WAS OUR UNDERSTANDING OF DEVELOPMENT PROCESS. RAPID GROWTH HAD OCCURRED IN SOME CASES WITHOUT BRING REAL BENEFITS TO MASSES. THUS THERE HAS BEEN A SHIFT IN EMPHASIS FROM GROWTH TO RURAL DEVELOPMENT AND AN ATTACK ON POVERTY. BUT THERE IS A DANGER OF OVERSIMPLIFICATION. ERADICATION OF POVERTY AND IGNORANCE SHOULD REMAIN THE BASIC AIM. MILLS SAID HE SHARED VIEW OF DANISH MINISTER THAT ALLEVIATION OF POVERTY WAS THE MOST URGENT WORLD PROBLEM. THIS REQUIRES ACCESS TO RESOURCES (BY POOR), BUT IT IS NOT SIMPLE TO MANIPULATE THE WHOLE SOCIO-ECONOMIC SYSTEM. DEVELOPMENT TAKES PLACE WITHIN EXISTING SITUATION. DRASTIC REALLOCATIONS OF RESOURCES INVOLVE SERIOUS PROBLEMS. DC EXPERIENCE SHOWS HOW DIFFICULT IT IS TO ACHIEVE BASIC NEEDS FOR ALL

AND ELIMINATE POVERTY. DEVELOPMENT PROCESS IS POLITICAL. RECOGNIZED THAT HEALTH AND EDUCATION MUST BE THE FOUNDATIO NOT THE REWARD OF DEVELOPMENT. OFTEN, HOWEVER, ADVOCATES DO NOT APPRECIATE THE "RADICAL" NATURE OF BHN, WHICH CALLS FOR FUNDAMENTAL SOCIAL, POLITICAL, AND ECONOMIC CHANGES. SUCH CHANGES MEET WITH STRONG RESISTANCE. BHN STRATEGY MUST BE SEEN IN THIS CONTEXT OF THE WHOLE SYSTEM. HE HOPED THE "VALUABLE CONCEPT" OF BASIC NEEDS WOULD NOT BE DAMAGED BY OVERSIMPLIFICATION, THAT IT COULD BE FURTHER DISCUSSED IN UN, AND THAT THIS CAN BE DONE WITHOUT INTERFERING WITH GLOBAL RESTRUCTURING OR RATIONAL DEVELOPMENT.

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13. USSR SAID DISCUSSION, WHILE INTERESTING, HAD BROUGHT NOTHING NEW. LITTLE SAID ABOUT MAIN PROBLEMS OF LDCS, PUTTING END TO COLONIALISM, NEO-COLONIALISM, ETC. LDCS WILL MOVE AHEAD AND SATISFY BHNS NOT BY FOLLOWING CAPITALIST MARKET SYSTEM, BUT BY DEVELOPING OWN SYSTEMS AND RELATIONS. SUPPORTED PERU AND JAMAICA ON BHN. CONCEPT SHOULD NOT BE USED TO UNDERMINE MEASURES NEEDED TO BREAK AWAY FROM OUT-MODED SOCIAL/ECONOMIC RELATIONS OR TO RESTRUCTURE WORLD ECONOMY. USSR EXPERIENCE SHOWED DEVELOPMENT REQUIRED FULL USE OF OWN RESOURCES, INDUSTRIALIZATION, AGRARIAN REFORM, PROGRESSIVE ECONOMIC LAWS, AND EQUALITY IN INTERNATIONAL ECONOMIC RELATIONS. ATTACKED MASSIVE TRANSFER IDEA ON INTERPRETATION THAT IT MEANT DUMPING DCS' SURPLUS INDUSTRIAL PRODUCTS ON LDCS, WHICH WOULD PREVENT THEIR OWN INDUSTRIALIZATION. YOUNG

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Message Attributes

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Status: NATIVE
Subject: OVERVIEW COMMITTEE: AFTERNOON PLENARY SESSION, MAY 11, 1978
TAGS: EFIN, ECON, PORG, XX, UN, OVERVIEW COMMITTEE
To: STATE
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Sheryl P. Walter
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